IRAQ STATUS REPORT

November 17, 2010

U.S. Department of State

Iraq Policy & Operations Group
Bureau of Near Eastern Affairs

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HIGHLIGHTS

- **COR Fills Top Positions in Government of Iraq (*POLITICAL*, page 4)**
- **ISF Operations Capture over 70 (*SECURITY*, page 10)**
- **GOI Signs Two Preliminary Gas Contracts with Winning Consortia (*ECONOMIC*, page 13)**
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POLITICAL – Governance & Legislation

Negotiations succeed in filling top positions in Iraqi government

<u>COR Fills Top Positions in Government of Iraq:</u>

- **The Iraqi Council of Representatives (COR) elected Iraqiyya List member Osama al-Nujaifi as COR Speaker and Incumbent Jalal Talabani as President on November 11. After being sworn in, President Talabani stated his intent to appoint Nuri al-Maliki as Prime Minister, giving him 30 days to form the new government, commencing on November 21. Though a group of Iraqiyya lawmakers walked out of the COR session on November 11, the majority of the bloc returned to Parliament on November 13. According to a prominent member of Iraqiyya, "Thursday was a misunderstanding and miscommunication between the blocs and leaders…We want an inclusive national government supported by all blocs, and Iraqiyya will join the government." President Barack Obama welcomed the political agreement, saying there are still challenges for Iraq to overcome, but "all indications are that the government will be representative, inclusive and reflect the will of the Iraqi people who cast their ballots in the last election."**

POLITICAL – Governance & Legislation

Negotiations succeed in filling top positions in Iraqi government

Allawi's Participation in Government Uncertain:

- **The Iraqiyya bloc will participate in the Iraqi government, but it is unclear whether Ayad Allawi will be part of the new coalition, President Jalal Talabani said on November 16. Ayad Allawi walked out of a parliamentary session on November 11 and headed to London after telling CNN in an interview that power-sharing between Iraq's main political blocs was "dead."**

Kurdistan Alliance Will Seek Finance or Oil Portfolios:

- **A member in the Kurdistan Alliance said on November 14 that the Kurds would strive to get the finance or oil portfolios instead of the Ministry of Foreign Affairs in the new Iraqi government, reaffirming that election rules would not allow the Kurds to get the foreign ministry for a second term.**

POLITICAL – Government of Iraq

Coalition Affiliation (at time of appointment)
United Iraq Alliance
Kurdistani Alliance
Iraqi Accord Front
Iraqi National List
Other / Independent

(F) = Female

***Formerly Iraqiya

Prime Minister
Nuri Kamil al-Maliki

Deputy Prime Minister
Rafi Hiad Jiad al-Issawi

Deputy Prime Minister
Rowsch Shaways

President
Jalal Talabani

Deputy President
Tariq al-Hashimi

Deputy President
Adil Abd al-Mahdi

Minister of Agriculture	Vacant
Minister of Communications	Faruq Abd al-Qadir Abd al-Rahman
Minister of Culture	Mahir Dilli Ibrahim al-Hadithi
Minister of Defense	Abd al-Qadr al-Mufriji
Minister of Displacement & Migration	Dr. Abd al-Samad Rahman Sultan
Minister of Electricity	Dr. Husayn Ibrahim al-Shahristani
Minister of Education	Dr. Khudayr Mousa Jaffar al-Khuzai
Minister of Environment	Dr. Nermin Othman Hassan (F)
Minister of Finance	Bayan Jabr
Minister of Foreign Affairs	Hoshyar Mahmud Zebari
Minister of Health	Salih Mahdi Mutlab al-Hasnawi
Minister of Higher Education and Scientific Research	Abid Dhiyab al-Ujayli
Minister of Human Rights	Eng. Wijdan Mikhail Salim (F)
Minister of Industry & Minerals	Fawzi Fransu Hariri
Minister of Interior	Jawad Kadhum Eidan al-Bulani
Minister of Justice	Dara Nur al-Din
Minister of Housing & Construction	Bayan Dizayee (F)
Minister of Labor & Social Affairs	Eng. Mahmud Muhammad Jawad al-Radi
Minister of Oil	Dr. Husayn Ibrahim al-Shahristani
Minister of Planning	Ali Ghalib Baban
Minister of Trade	Vacant
Minister of Science & Technology	Dr. Raid Jahid Fahmi
Minister of Municipalities & Public Works	Riyadh Abd al-Hamza Gharib
Minister of Transportation	Amir Abd al-Jabar Ismail
Minister of Water Resources	Dr. Abd al-Latif Jamal Rashid
Minister of Youth & Sports	Eng. Jasim Muhammad Jaffar
Minister of State for Civil Society Affairs	Dr. Thamir Jafar al-Zubaidi
Minister of State for National Dialogue	Dr. Akram Mousa Hadi al-Hakim
Minister of State for National Security	Eng. Shirwan Kamil al-Waili
Minister of State for Foreign Affairs	Dr. Muhammad Munajid Aifan al-Dulaymi
Minister of State for Provinces Affairs	Dr. Khulud Sami Izzara al-Majun (F)
Minister of State for Tourism and Antiquities	Dr. Qahtan Abbas Numanal-Jabburi
Minister of State for Women's Affairs	Dr. Khulud Sami Izzara al-Majun (F), Acting)
Minister of State for CoR Affairs	Safa al-Din Muhammad al-Safi
Minister of State at Large	Muhammad Abbas Muhammad al-Uraybi
Minister of State at Large	Ali Muhammad Ahmad
Minister of State at Large	Hasan Radhi Kazim al-Sari

POLITICAL – Key Legislative Issues

Legislative Process

Council of Ministers (CoM) → **Shura Council** → **Council of Representatives (COR)** Debate after 2nd Reading, Vote after 3rd Reading, and Committee Reports Throughout → **Presidency Council** → **Published in Official Gazette**

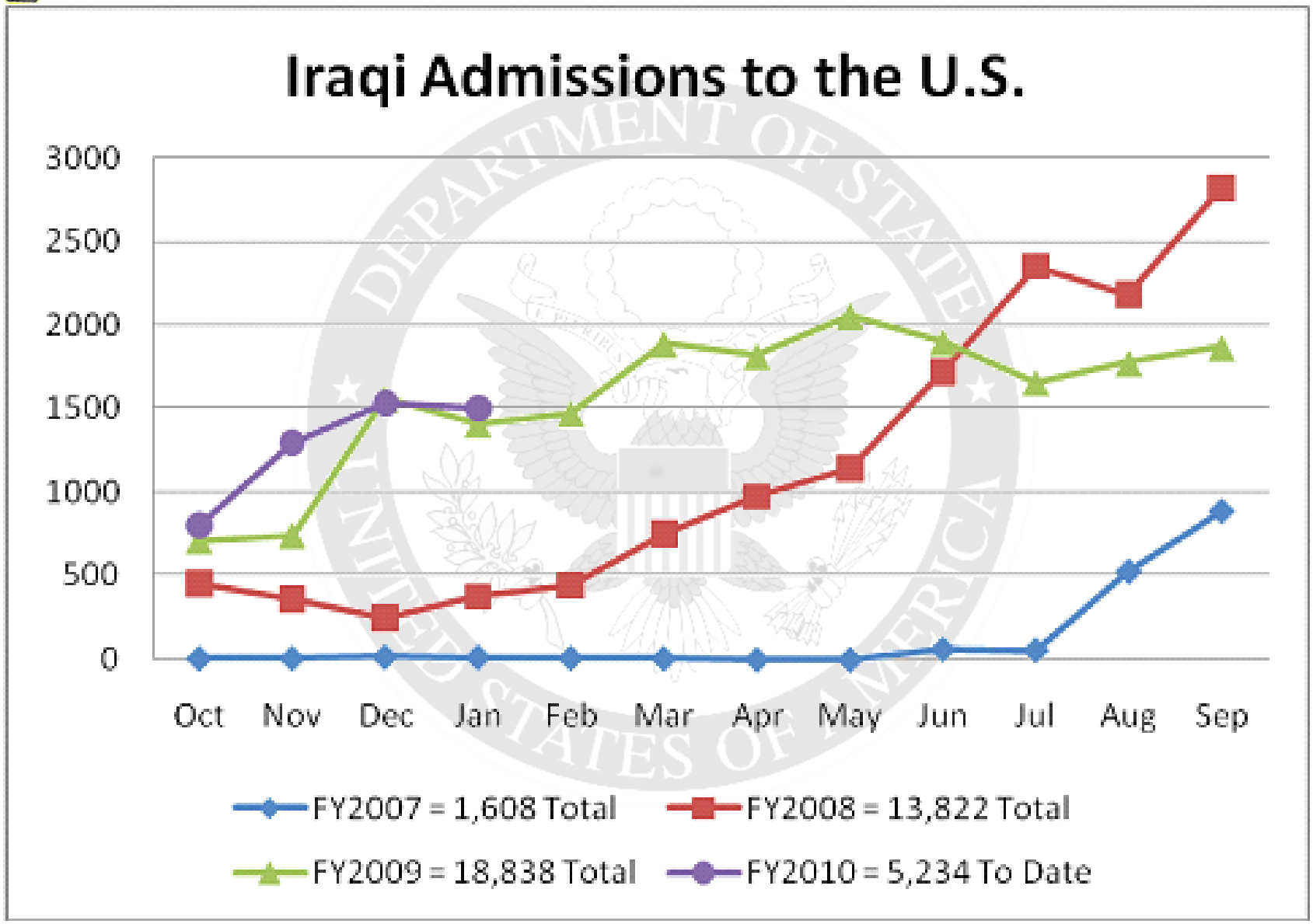
- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.

- **NGO Law:** This law, approved March 3, will regulate the operations and funding of Non-Governmental Organizations operating within Iraq.

POLITICAL – Refugees

- **There are over 208,000 Iraqi refugees currently registered with the UN High Commissioner for Refugees (UNHCR) in neighboring countries and an undetermined number of unregistered refugees. UNHCR reports that 1.5 million Iraqis remain internally displaced due to sectarian violence following the Samarra Mosque bombing of February 2006.**
- **Since the beginning of 2008, over 515,000 Iraqis have returned to their neighborhoods in Iraq. The majority of the Iraqis returning were internally displaced persons.**
- **In FY10, the U.S. Government contributed $355.8 million to international and non-governmental organizations to assist Iraqi refugees, internally displaced, and conflict victims.**
- **Since the program's inception in FY07, over 52,280 Iraqi refugees have been admitted to the U.S. for resettlement.**
- **As of September 2009, a total of 1,143 Special Immigrant Visas (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).**
- **As of September 2009, a total of 1,716 SIVs have been issued for Iraqis employed by the U.S. government (and their dependents) since FY08 (under the Section 1244 program).**

POLITICAL – Refugees



SECURITY – Situation Update

Over 70 wanted suspects captured by ISF

ISF Operations Capture over 70:

- **Ministry of Interior spokesman Ghassan Adnan Hamoudi said that Iraqi Security Forces arrested 50 men on November 10 in the southern province of Maysan for suspected involvement in killing, stealing and looting operations throughout the province. The GOI also announced a second successful operation in the north where the ISF arrested 23 suspected criminals in southwest Kirkuk.**

ISF, Civilians Fall Victim to Bombings:

- **Iraqi officials say twin car bombs killed the commander of Badoosh prison in Mosul, Lt. Col. Hussein al-Jibouri, as he was heading to work on November 15. His bodyguard was also killed in the attack, and 16 others were reportedly wounded according to the media. In Baghdad, two roadside bombs targeted Iraqi police patrols, killing at least one policeman and wounding four others. Several bystanders were also wounded in the Baghdad blasts, which occurred in the downtown and eastern areas of the city.**

SECURITY – Situation Update

Over 70 wanted suspects captured by ISF

Christians Targeted in Attacks across Iraq:

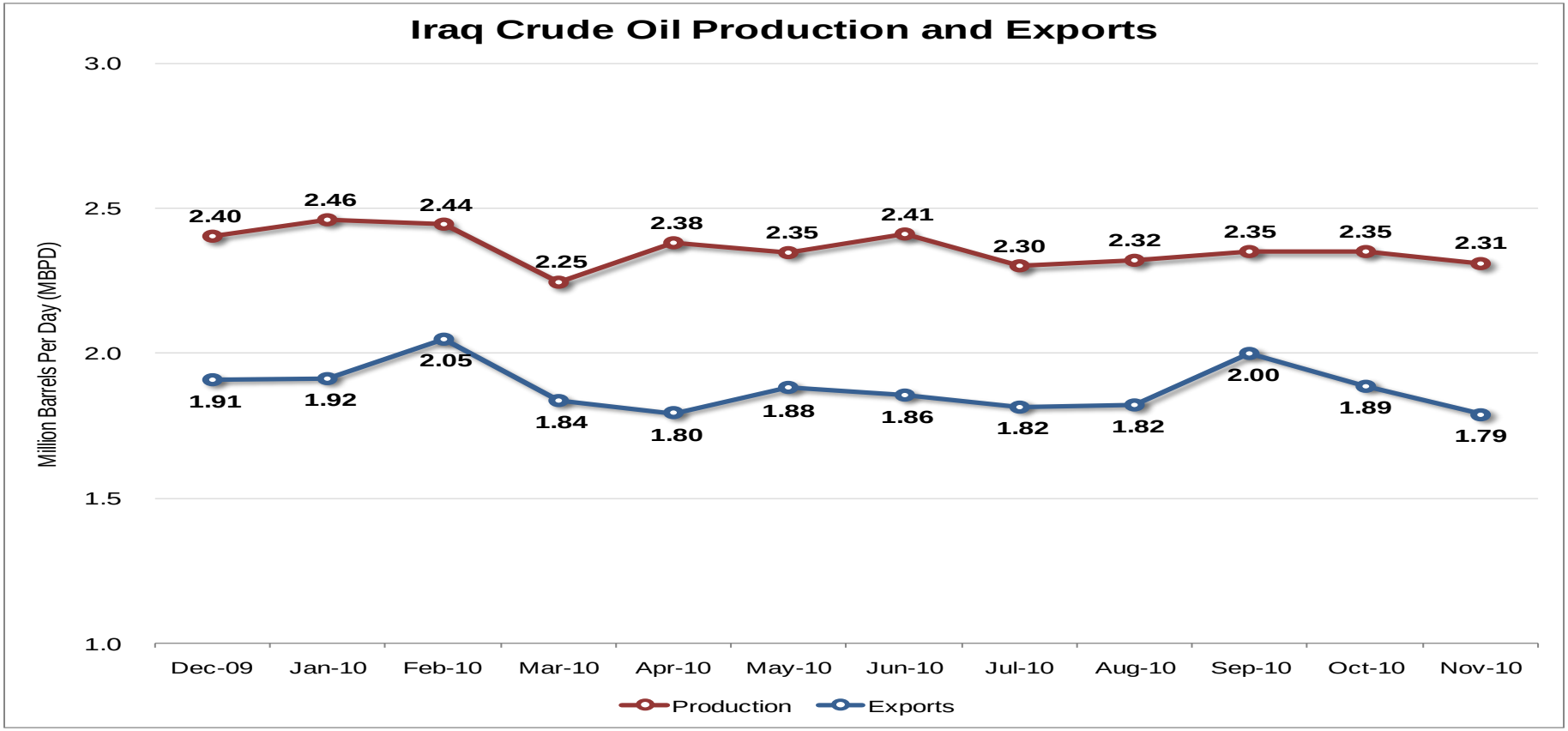
- **Iraqi Christians in Baghdad were the target of several attacks on November 10 that killed at least three and wounded dozens. The attacks on Christian homes consisted of mortar rounds and IEDs according to AFP, citing a Ministry of Interior official. On November 15 two Christian men were shot dead in their homes in Mosul and a bomb exploded outside the home of another Christian family in Mosul, wounding at least one bystander. CNN reported on November 16 that a Christian man and his daughter were killed as they were driving in Mosul when a bomb attached to their car detonated. USF-I has not officially confirmed these media reports, and is continuing to investigate the incidents.**

ECONOMIC – Oil

Crude oil average closing prices

Prices in world markets closed with the following averages:

Basrah Light at $85.13/barrel
Dated Brent at $87.66/barrel
WTI Cushing at $86.86/barrel
Oman/Dubai at $85.79/barrel



Iraq's Oil Revenue

2008: $61.9 Billion
2009: $39.2 Billion
2010 (ytd estimate): $42 Billion

ECONOMIC – Oil and Gas

Further stability taking root in Iraq's energy sector

GOI Signs Two Preliminary Gas Contracts with Winning Consortia:

- **In an official ceremony on November 14, the GOI signed initial contracts with the Turkish, Kuwaiti, and Korean firms who won the rights to develop the Mansouriya and Siba gas fields in an auction last month. The GOI delayed signing the agreement for the third auctioned gas field, Akkas, to give the winning Korean and Kazakh firms additional time to review the contract terms. A Ministry of Oil deputy indicated that this third contract will be signed following the Eid al-Adha holiday, and that domestic consumption and electrification are the top priority for using the gas produced. He also commented that the GOI anticipates that 25% of its production targets will be met by the international contractors in the first three years of their development projects, while 100% of the production targets should be met within six years. The agreements are pending approval from the Iraqi Council of Ministers before they can be implemented.**

IEA Links Government Formation to Realization of Oil Production Goals:

- **On November 12, the Deputy Executive Director of the International Energy Agency (IEA) commented that Iraq's new government is a "step forward for stability" as it pertains to realization of oil targets. "Iraq's stability will be good for actually realizing those contracts," the Deputy said. "Those contracts" refers to Iraq's 11 confirmed deals with IOCs, under which Iraq expects its daily oil output to rise to 12 million barrels per day by 2017.**

ECONOMIC – Fiscal and Monetary Affairs

Iraqis execute 2010 budget goals while planning for the future

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Debt Swap Bond Prices and Yields				
Price (USD)	$94.57	$94.86	$90.11	$64.50
Yield	6.32%	6.29%	6.79%	10.32%

<u>Basrah, Kirkuk Receive 2010 Petrodollar Funds:</u>

- **Iraq's Ministry of Finance has announced that Kirkuk's first "Petrodollar Project" funds will be spent sometime during the week of November 15. Under Article 43 of Iraq's Budget Law, 5% of GOI revenues collected from ground, air, and port locations at the border goes back into the border provinces' budgets. Additionally, $1 is added back for every barrel of crude oil produced or refined by each province, and per each 150 cubic meters of natural gas extracted. On November 2, the Ministry issued a statement claiming that Basrah also received its initial allocation, which was 163 billion dinars (roughly USD 139 million) out of the total 800 billion dinar Petrodollar Project budget.**

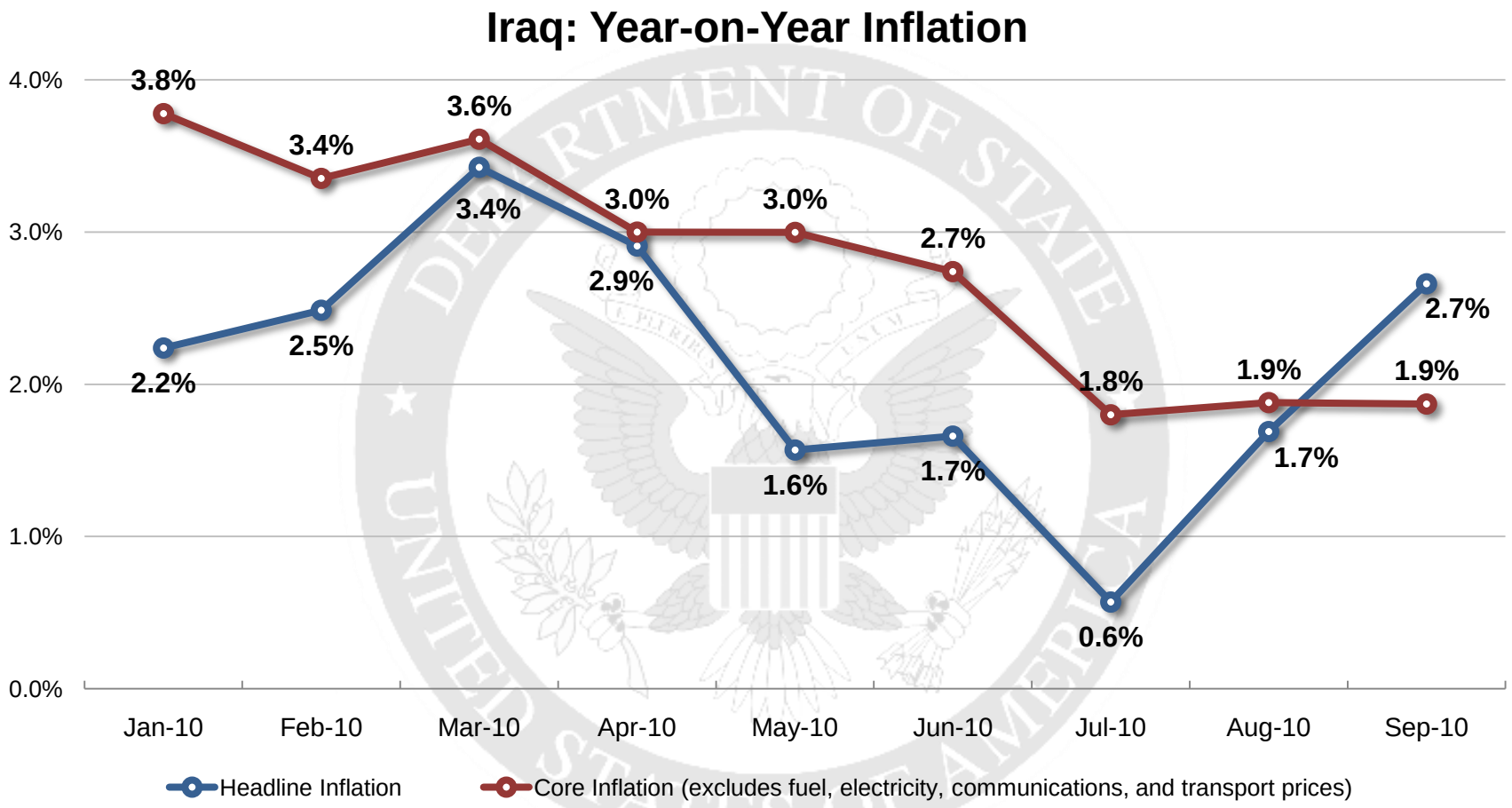
ECONOMIC – Fiscal and Monetary Affairs

Iraqis execute 2010 budget goals while planning for the future

Ministry of Finance Says Bank Privatization Will Be Delayed:

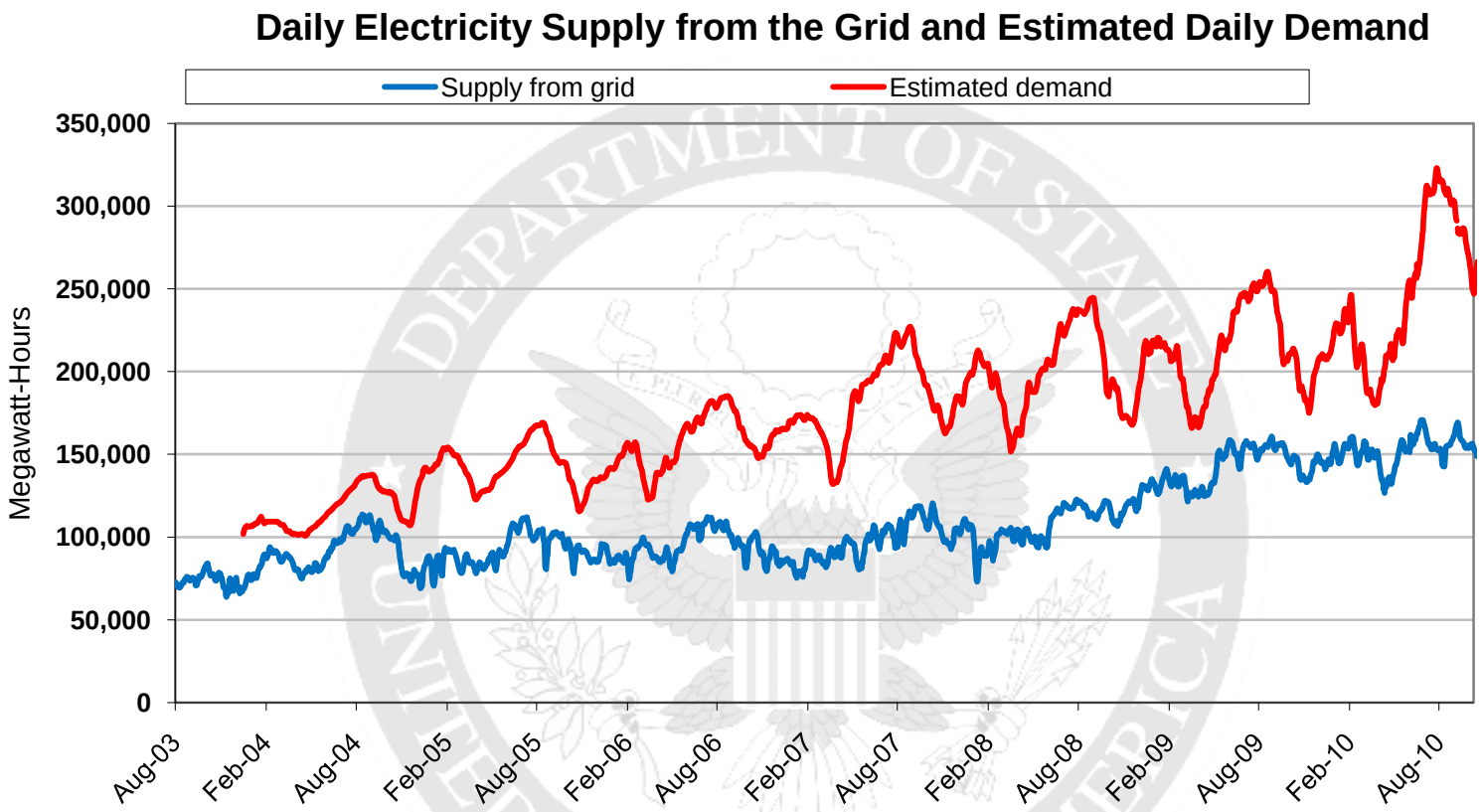
- **The Iraqi Ministry of Finance has ruled out privatizing state-run banks within the next four years, claiming that separating the banks from the Ministry in the near future would have a negative impact on Iraq's economy. Instead, ministry advisor Dia Khayyoun has said the Ministry's focus is to restructure the banks' administration to better align with the realities of the global economy. "The Ministry urges the banks to expand their financial transactions with other countries, and continue to update their work and keep ahead of changes in financial transactions with international banks," he told Kurdish media.**

ECONOMIC – Fiscal and Monetary Affairs



- In 2010, the Central Bank of Iraq began using a new Consumer Price Index. As a result, year-on-year inflation data prior to January 2010 cannot be directly compared.

ECONOMIC – Electricity



- November 8-14 supply from the grid was 12% above the year-earlier period and met 76% of estimated demand, a slight increase from 75% for the same period in 2009.
- Estimated demand continues its seasonal decline and now is at its lowest level since last April. It still is increasing year-on-year, but the magnitude of the increase has moderated from 20% or more during most of July-October to 10% for the most recent week.

ECONOMIC – Public Services

GOI works to mitigate impact of negative environmental factors on Iraq's farmers

Desertification, Lack of Water Hurt Key Economic Sector:

- **Iraq's farmers are increasingly plagued by a number of adverse farming conditions, including frequent dust storms, diminishing water levels in the Tigris and Euphrates, and accelerated desertification and soil erosion. Experts attribute Iraq's woes partly to climate change and partly due to public mismanagement and neglect; while approximately 25% of Iraqis work in agriculture, less than 3% of GOI revenue is re-invested into Iraq's farming sector, despite an extensive public food rationing program. The GOI is now in talks with Turkey and Syria to ensure that dams and irrigation schemes do not restrict the flow of fresh water into Iraq. The GOI's Ministry of Agriculture has also received approval from Prime Minister Maliki to implement a $70 million plan that will improve irrigation methods along two million acres of wheat crops.**

ECONOMIC – Industry Spotlight: Insurance

Iraq's sole insurer partners with risk firm to offer management services

Partnership Will Bring Business Expertise to Enterprises in Iraq:

- **The risk management firm Marsh has entered into a partnership with Anglo Arab Insurance Brokers (AAIB), Iraq's only licensed insurance brokerage, to offer insurance, risk management, and claims handling services to international firms operating in Iraq. The partnership will cater specifically to clients in Iraq's power, energy, and aviation sectors. The firms will also conduct a roadshow throughout the U.S., EU, and Middle East in the near future to demonstrate their capabilities to companies already in or looking to enter Iraq.**

DIPLOMATIC – Political Engagement

Iraqi regional and international reintegration

UN Security Council Condemns Attacks on Iraqi Christians:

- **The UN Security Council said on November 10 that it is appalled by the latest terrorist attacks on Iraqi Christians, calling them a blow against religious diversity and democracy. The Security Council statement condemned "all incitement to and acts of violence, particularly those motivated by religious hatred" and urged countries to work together to "bring the perpetrators, organizers, financiers, and sponsors of these reprehensible acts of terrorism to justice." The Council also expressed support for the Iraqi people and government, saying it trusted the country would reject extremist efforts to spark sectarian violence.**

UN Representative Congratulates Iraq on Government Formation:

- **Special Representative of the Secretary-General of the United Nations for Iraq Ad Melkert congratulated Iraq on November 15 on forming a new government. "The recent significant breakthrough in the government formation process confirms…our belief that with the commitment of the country's leaders to the principles of dialogue and partnership, Iraq's progress towards an irreversible democratic system of governance cannot be derailed…I would like to reiterate the United Nations' commitment to continuing its assistance to the Government and people of Iraq in their efforts to achieve sustainable stability, security, and development for the country and its people," Melkert said.**

Baghdad and Beyond

PRT and College of Agriculture Staff Members

"…we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services."

President Barack Obama

Recent Highlights

Baghdad

PRT Baghdad has partnered with Baghdad University's College of Agriculture and installed teleconferencing equipment for professors and students, opening up new opportunities for academic exchange. The delivery is part of a broader, two-year effort to provide education and training to students and Abu Ghraib farmers; other revitalization initiatives include a renovated conference center, in which the teleconferencing equipment was installed.

Najaf

PRT Najaf finalized plans to establish an American Corner at Kufa University, which could open up scholarship opportunities. PRT members also traveled to a poor rural school in the area to distribute hundreds of backpacks to needy students. The initiative drew attention from the Ministry of Education, which then approved long-pending equipment and repair requests.

CONTACT INFORMATION

This brief draws from multiple sources. References are cited on the following pages.

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- **Department of Defense, Section 9010 Measuring Stability and Security in Iraq**
  http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov

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